

STATE OF MONTANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Note 1. Basis of Accounting

The assistance amounts presented in the accompanying Schedule of Expenditures of Federal Awards of the state of Montana are generally expenditures or reimbursement revenues recorded on the modified accrual basis. This method recognizes expenditures in the accounting period in which the liability is incurred and revenues when measurable and available. Assistance amounts reported on a basis other than modified accrual are discussed below.

Food Distribution Program

The amount reported for Food Distribution programs (CFDA #10.567, #10.569, #10.570 and #10.565) represent the dollar value of food commodities distributed to eligible recipients during the year. The U.S. Department of Agriculture provides the current value of the commodities used by the state to compute the amount reported. The amount of funds received to administer the program is also included in the reported amount. Montana also distributes food commodities to other states in the western region of the United States, the value of which is excluded from the reported amounts. During fiscal year 2002, Montana distributed \$432,370 of food commodities under CFDA #10.567 to other states.

The state of Montana distributed \$7,040,644 in commodities in fiscal year 2002. The value at June 30, 2002 of commodities stored at the state's warehouse is \$2,341,362 for which the state is liable in the event of loss. The state has insurance to cover this liability.

Federal Surplus Personal Property

In accordance with General Service Administration guidelines, the amount presented for Donations of Federal Surplus Personal Property (CFDA #39.003) is 23.3 percent of the original acquisition cost of the property.

Capitalization Grants for State Revolving Funds

The amount presented for the Capitalization Grants for Water Pollution Control State Revolving Fund (CFDA #66.458) represents the administrative costs expended as of June 30. The amount of loans outstanding as of June 30, 2002 in the Water Pollution Control Revolving Fund Program is \$69,695,324.

The amount presented for the Drinking Water State Revolving Fund Program (CFDA #66.468) represents administrative costs expended as of June 30, 2002. The amount of loans outstanding for the program as of June 30, 2002 is \$40,591,747.

Special Economic Development and Adjustment Assistance Program

The amount presented for the Special Economic Development and Adjustment Assistance Program (CFDA #11.307) represents federal contributions, plus the administrative costs expended as of June 30. The amount of loans outstanding as of June 30, 2002 is \$522,620.

Federal Family Education Loans

The Montana Guaranteed Student Loan Program (MGSLP) guaranteed \$110,706,539 in new loans for the Federal Family Education Loans (CFDA #84.032) program during fiscal year 2002. The outstanding loan balance (including principle, accrued interest and collection costs) of loans guaranteed in previous years for which the federal government has imposed continuing compliance requirements was \$58,715,456 at June 30, 2002. The amount reported on the accompanying Schedule of Expenditures of Federal Awards represents the administrative cost allowance received for the program. In addition to the administrative cost allowance, MGSLP received or accrued revenue from the U.S. Department of Education in fiscal year 2002 of \$19,615,028 for reinsurance to pay claims for loans due to death, disability, default and bankruptcy of the debtor

Federal Perkins Loan Program – Federal Capital Contributions

The amount reported for the Federal Perkins Loan Program – Federal Capital Contributions (CFDA #84.038) represents federal contributions, plus the administrative costs, plus interest expended as of June 30, 2002. The amount of loans outstanding as of June 30, 2002 is \$28,845,395.

Nursing Student Loan Program

The amount of loans outstanding for the Nursing Student Loan Program (CFDA #93.364) as of June 30, 2002 is \$1,481,332.

Childhood Immunization Grants

The amount reported for the Childhood Immunization Grants (CFDA #93.268) includes the dollar value of vaccine doses received during fiscal year 2002. The state used the CDC price list to calculate the value of doses received. During fiscal year 2002, Montana received 252,742 vaccine doses valued at \$2,643,882.

Tongue River –Northern Cheyenne Tribal Loan

The Northern Cheyenne Tribe and the Department of Natural Resources and Conservation entered into an agreement on July 1, 1994 in which the tribe agreed to loan the State of Montana \$11,300,000 of federal funds appropriated as part of the Northern Cheyenne Indian Reserved Water Rights Settlement. The loan is to assist the state in financing costs of the Tongue River Dam project. The amount presented for the Tongue River Rehabilitation Loan (CFDA 15.199) represents the amount of tribal loan funds expended on project costs during fiscal year 2002. The amount of the loan outstanding as of June 30, 2002 is \$10,430,769.

Note 2. Type A Federal Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the level of federal award expenditures to be used in defining Type A and Type B federal assistance programs. Type A programs for the state of Montana are those which total federal awards expenditures equal or exceed \$9,723,984 for the biennial period.

Note 3. CFDA #

The CFDA # assigned for each federal program listed in the Schedule of Expenditures of Federal Awards was based upon agency agreements with the federal government and the Catalog of Federal Domestic Assistance in effect during the audit period.

Programs not assigned a CFDA # in the Catalog of Federal Domestic Assistance were assigned a CFDA # in the format **.99, **.999, or **.R&D. The first two digits represent the federal agency, the third digit represents the division within the federal agency, and "R&D" designation represents a research and/or development program. Research is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. Development is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. In cases where the federal agency does not have a designated CFDA#, the program was assigned a CFDA# in the format 99.999.

Note 4. Federal Excess Personal Property

The State of Montana receives Federal Excess Personal Property (FEPP). The title to this property remains with the federal agency. In accordance with General Services Administration guidelines, the amount presented in the FEPP is 23.3 percent of the original acquisition cost of the property. The following is a list of the FEPP received by the State of Montana.

<u>CFDA #</u>	<u>Program</u>	<u>FY 02 Amount</u>	<u>Inventory</u>
10.664	Cooperative Forestry Assistance	\$1,203,640	\$8,001,542
12.999	Miscellaneous Non-Major	0	63,758
47.999	National Science Foundation	0	958,697

Note 5. Books for the Blind and Physically Handicapped:

The Montana State Library receives "talking book" machines, cassette books, accessories and magazines from the federal government under the Blind and

Physically Handicapped program (CFDA #42.001). These items are then distributed to provide library services to blind and physically handicapped individuals. The federal government retains title to these items. The approximate value of the items in inventory (not distributed to individuals) at June 30, 2002, was \$1,926,526. The accompanying Schedule of Expenditures of Federal Awards does not include this amount.

Note 6. Unemployment Benefits

The unemployment compensation system is a Federal-State partnership. State Unemployment Insurance laws must conform to certain provisions of the federal law. Federal funds are expended for administrative costs. State unemployment taxes must be deposited into a state account in the Federal Unemployment Trust Fund, and are used only to pay benefits. State Unemployment Insurance (UI) funds, as well as federal funds, are included on the Schedule of Expenditures of Federal Awards (SEFA).

The significant increase in the benefit amount between fiscal year 2001 and 2002 is due to an act signed by the President of the United States on March 9, 2002. The Temporary Emergency Unemployment Compensation Act (TEUCA) provides up to 13 weeks of 100 percent federally financed benefits to qualified individuals in each state. For state fiscal year 2002, the TEUC program benefit payments totaled \$6,559,830 of federal benefit expenditures.

The following schedule provides a breakdown of the state and federal portions of the total expenditures recorded for CFDA #17.225:

UI Administrative Costs	\$ 6,680,962
State UI Funds	72,766,595
Federal UI Funds	<u>11,032,076</u>
Total	\$90,479,633

Note 7. Subgrants to State Agencies

Federal assistance subgranted from one Montana state agency to another Montana state agency is shown only once on the Schedule of Expenditures of Federal Awards.

Federal assistance received from non-state sources which are considered subgrants by the awarding agency are treated as pass through grants to the state and are reported on the Schedule of Expenditures of Federal Awards.

Note 8. Subgrants to Non-State Entities

The following is a list of federal funds passed through from the state of Montana to non-state entities for fiscal year 2002.

CFDA Number	Program Title	Amount Provided To Subrecipient
10.200	Grants for Agricultural Research, Special Research Grants	194,778
10.206	Grants for Agricultural Research & Competitive Research Grants	26,235
10.500	Cooperative Extension Service	18,415
10.550	Commodities	2,315,912
10.553	School Breakfast Program	3,253,362
10.555	National School Lunch Program	14,636,391
10.556	Special Milk Program for Children	42,997
10.557	Special Supplemental Nutrition Program for WIC	3,889,542
10.558	Child and Adult Care Food Program	9,148,801
10.559	Summer Food Program for Children	531,595
10.561	State Administrative Matching Grants for Food Stamp Program	(300)
10.570	Nutrition Program for the Elderly (Commodities)	878,815
10.572	WIC Farmers' Market Nutrition Program (FMNP)	34,265
10.652	Forestry Research	160,500
10.664	Cooperative Forestry Assistance	449,348
10.665	Schools and Roads-Grants to States	13,474,861
11.609	Measurement and Engineering Research and Standards	473,303
11.612	Advanced Technology Program	353
12.002	Procurement Technical Assistance For Business Firms	196,453
12.300	Basic and Applied Scientific Research	191,527
12.420	Military Medical Research and Development	66,689
12.431	Basic Scientific Research	18,327
12.800	Air Force Defense Research Sciences Program	13,052
12.900	Language Grant Program	17,857
12.910	Research & Technology Development	1,637
14.195	Section 8 Housing Assistance Payments Program Special Allocations	12,229,526
14.228	Community Development Block Grant/State's Program	6,554,451
14.239	Home Investment Partnerships Program	2,993,468
14.246	Community Development Block Grants/Economic Development Initiative	127,460
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehab	138,205
14.871	Section 8 Housing Choice Vouchers	1,106,445
14.999	Miscellaneous Non-Major Program	92,064
15.299	Miscellaneous Non-Major Grants	(1,407)
15.608	Fish and Wildlife Management Assistance	70,891
15.611	Wildlife Restoration	14,087
15.625	Wildlife Conservation and Restoration	5,000
15.808	U.S. Geological Survey-Research and Data Acquisition	3,010
15.904	Historic Preservation Fund Grants-in-Aid	112,309
15.910	National Natural Landmarks Program	46,641
15.912	National Historic Landmark	74,039
15.915	Technical Preservation Services	675
15.916	Outdoor Recreation-Acquisition, Development and Planning	5,085
15.975	Research Information	32,647
15.999	Miscellaneous Department of the Interior	285,274
16.007	State Domestic Preparedness Equipment Support Program	111,384
16.523	Juvenile Accountability Incentive Block Grants	1,338,296
16.540	Juvenile Justice and Delinquency Prevention: Allocation to States	638,206
16.548	Title V Delinquency Prevention Program	89,720
16.549	Part E State Challenge Activities	122,150
16.554	Public Safety Partnership and Community Policing Grants	9,265
16.575	Crime Victim Assistance	1,476,640
16.579	Byrne Formula Grant Program	1,477,875
16.588	Violence Against Women Formula Grant	777,433
16.592	Local Law Enforcement Block Grant Program	185,760
16.710	Public Safety Partnership and Community Policing Grants	31,407
16.727	Enforcing Underage Drinking Laws Program	502,016
17.248	Employment and Training Research and Development Projects	313,120
17.249	Employment Services and Job Training: Pilot and Demo. Programs	2,176,358

CFDA Number	Program Title	Amount Provided To Subrecipient
17.253	Welfare-to-Work Grants to States and Localities	60,000
17.258	WIA Adult Program	3,366,896
17.259	WIA Youth Activities	3,650,104
17.260	WIA Dislocated Workers	9,159,885
19.406	College & University Affiliations Program	138,429
20.005	Boating Safety Financial Assistance	(149)
20.205	Highway Planning and Construction	4,913,536
20.505	Federal Transit Technical Studies Grant	301,124
20.507	Federal Transit Capital and Operating Assistance Formula Grant	1,332,237
20.513	Capital Assistance Program for the Elderly and Persons with Disabilities	270,979
20.600	State and Community Highway Safety	546,629
20.701	University Transportation Centers Program	175,191
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	47,315
43.001	Aerospace Education Services Program	37,406
43.002	Technology Transfer	359,807
43.999	Miscellaneous NASA	181,133
45.025	Promotion of the Arts-Partnership Agreements	291,431
45.310	Institute of Museum & Library Services - General Operating Support	234,458
47.041	Engineering Grants	113,560
47.049	Mathematical and Physical Sciences	48,986
47.050	Geosciences	14,233
47.074	Biological Sciences	133,325
47.075	Social, Behavioral, and Economic Sciences	1,359
47.076	Education and Human Resources	313,072
59.037	Small Business Development Center	392,500
66.456	National Estuary Program	144,577
66.708	Pollution Prevention Grants Program	8,500
81.042	Weatherization Assistance for Low-Income Persons	5,500
81.049	Office of Science Financial Assistance Program	41,979
81.066	Conservation Research and Development	1,425
81.104	Technology Development for Environmental Management	27,500
81.999	Miscellaneous Non-Major Grants	17,500
83.544	Public Assistance Grants	2,087,761
83.548	Hazard Mitigation Grant Program	328,366
83.552	Emergency Management Performance Grants	514,607
84.002	Adult Education-State Grant Program	1,068,077
84.010	Title I Grants to Local Educational Agencies	26,881,050
84.011	Migrant Education-Basic State Grant Program	640,631
84.013	Title I Program for Neglected and Delinquent Children	99,284
84.024	Early Education for Children with Disabilities	8,156
84.027	Special Education - Grants to States	16,036,654
84.048	Vocational Education - Basic Grants to States	3,591,612
84.069	State Student Incentive Grants	130,880
84.133	National Institute on Disability and Rehabilitation Research	59,942
84.162	Immigrant Education	26,701
84.173	Special Education - Preschool Grants	1,057,805
84.186	Safe & Drug Free Schools and Communities - State Grants	1,924,833
84.196	Education for Homeless Children and Youth	53,703
84.213	Even Start - State Educational Agencies	838,513
84.215	Fund for the Improvement of Education	125,259
84.235	Special Projects & Demonstrations for Providing Vocation Rehab Services	99,984
84.243	Tech-Prep Education	368,922
84.264	Rehabilitation Training-Continuing Education	24,998
84.281	Eisenhower Professional Development State Grants	1,550,970
84.298	Innovative Education Program Strategies	1,574,906
84.303	Technology Innovation Challenge Grants	25,000
84.314	Even Start-Statewide Family Literacy Program	76,000
84.318	Technology Literacy Challenge Fund Grants	1,272,819

CFDA Number	Program Title	Amount Provided To Subrecipient
84.323	Special Education-State Program Improvement Grants for Children with Disabil	74,000
84.324	Special Education-Research and Innovation to Improve Services and Results fc	91,012
84.330	Advanced Placement Incentive Program	158,174
84.332	Comprehensive School Reform Demonstration	821,023
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	1,141,829
84.338	Reading Excellence	518,092
84.340	Class Size Reduction	7,536,687
84.342	Preparing Tomorrow's Teachers to Use Technology	1,955,177
84.348	Title I Accountability Grants	404,557
93.041	Special Programs for the Aging -Title VII, Chapter 3: Prevention	18,725
93.042	Special Programs for the Aging -Title VII, Chapter 2: Long Term Care	44,730
93.043	Special Programs for the Aging - Title III, Part F: Disease Prevention	104,003
93.044	Special Programs for the Aging - Title III, Part B: Supportive Services	1,386,607
93.045	Special Programs for the Aging - Title III, Part C: Nutrition Services	2,423,138
93.048	Special Programs for the Aging - Title IV: Training, Research	48,330
93.052	Nation Family Caregiver Support Program	610,958
93.110	Maternal and Child Health Federal Consolidated Programs	120,995
93.113	Biological Response to Environmental Health Hazards	100,000
93.150	Projects for Assistance in Transition from Homelessness (PATH)	278,886
93.184	Disabilities Prevention	20,838
93.217	Family Planning Services	1,303,024
93.230	Consolidated Knowledge Development and Application (KD&A) Program	2,332,357
93.235	Abstinence Education	17,824
93.241	State Rural Hospital Flexibility Program	370,595
93.389	Research Infrastructure	231,784
93.556	Family Preservation and Support Services	51,323
93.558	Temporary Assistance for Needy Families (TANF)	559,935
93.566	Refugee and Entrant Assistance-State Administered Programs	79,415
93.575	Child Care and Development Block Grant	3,659,812
93.576	Refugee and Entrant Assistance-Discretionary Grants	49,038
93.590	Community-Based Family Resource and Support Grants	125,090
93.600	Head Start	177,357
93.658	Foster Care Title IV-E	1,773,298
93.659	Adoption Assistance	120,800
93.669	Child Abuse and Neglect State Grants	1,872
93.671	Family Violence Prevention and Services/Grants for Battered Women	582,491
93.674	Independent Living	249,032
93.767	State Children's Insurance Program	834
93.778	Medical Assistance Program	7,392
93.779	Health Care Financing Research, Demonstrations, and Evaluations	124,239
93.821	Cell Biology and Biophysics Research	33,351
93.822	Health Careers Opportunities Program	337,682
93.854	Biological Basis Research in the Neurosciences	3,175
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical (75,778
93.926	Healthy Start Initiative	31,371
93.940	HIV Prevention Activities-Health Department Based	39,076
93.959	Block Grants for Prevention and Treatment of Substance Abuse	4,399,559
93.991	Preventive Health and Health Services Block Grant	125,975
93.994	Maternal and Child Health Services Block Grant to the States	1,138,736
93.999	General	8,226
94.004	Learn and Serve America - School and Community Based Program	42,607
94.005	Learn and Serve America - Higher Education	6,095
94.006	Americorps	1,316,797
96.007	Social Security Research and Demonstration	11,440
Total		207,217,217